

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 17:450
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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes procedures for the establishment of and operation of an insurance purchasing outlet.

(b) The necessity of this administrative regulation: KRS 304.17A-750 through KRS 304.17 A-770 requires and authorizes the commissioner to promulgate an administrative regulation to establish certain procedures for insurance purchasing outlets. The need to promulgate this administrative regulation is to ensure the proper establishment and operation of insurance purchasing outlets.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.17 A-750 through KRS 304.17 A-770 requires the commissioner to promulgate an administrative regulation to (1) establish fees for the initial registration and renewal registration of the insurance purchasing outlet, (2) establish the process for insurance purchasing outlets to submit annual reports on business operations, (3) establish disclosures that are required to be given, and (4) establish a voucher process.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of KRS 304.17 A-750 through KRS 304.17 A-770 by establishing a regulation to administer all provisions as required by that bill.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendments to this administrative regulation are technical in nature and ensure the drafting requirements set forth in Chapter 13A are met.

(b) The necessity of the amendment to this administrative regulation: These amendments are necessary to comply with KRS Chapter 13A.

(c) How the amendment conforms to the content of the authorizing statutes: KRS Chapter 13A requires specific drafting requirements for administrative regulation, and these amendments adhere to those requirements.

(d) How the amendment will assist in the effective administration of the statutes: The amendments concerning drafting requirements of Chapter 13A are to ensure readability and efficacy of administrative regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This will affect insurance purchasing outlets in Kentucky.

(4) Provide an analysis of how the entities identified in the previous question will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions each of the regulated entities must take to comply with this regulation or amendment: The amendments do not require any action be taken by the regulated entities. The administrative regulation does establish the procedures for the establishment of and operation of an insurance purchasing outlet.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: There is no expected cost associated with this regulation.

(c) As a result of compliance, what benefits will accrue to the entities: Insurance purchasing outlets that comply with this administrative regulation will be lawfully established in the state of Kentucky.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: Implementation of this amendment is not anticipated to have an initial cost on the Department of Insurance.

(b) On a continuing basis: Implementation of this amendment is not anticipated to have an on-going cost on the Department of Insurance.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department will use funds from its current operational budget to perform the tasks necessary.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation establishes fees for processing the required information to be submitted by the insurance purchasing outlet.

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this administrative regulation applies to all business entities requesting a certificate of registration to operate an insurance purchasing outlet.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

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(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department as the implementer.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.2-110(1), 304.17A-752(3), 304.17A-758(8), 304.17A-760(1)(i), 304.17A-762(3)(c), 304.17A-768(8)

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation. There is no fiscal impact known to be associated with this administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No revenue is expected to be generated.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? No revenue is expected to be generated.

(c) How much will it cost to administer this program for the first year? No cost is expected.

(d) How much will it cost to administer this program for subsequent years? No cost is expected.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(4) Revenues (+/-): Neutral

(5) Expenditures (+/-): Neutral

(6) Other Explanation:

SUMMARY OF MATERIALS INCORPORATED BY REFERENCE

806 KAR 17:450

- (a) HIPMC-IPO-1, 07/02, "Insurance Purchasing Outlet Application for Certificate of Registration." KRS 304.17 A-754 requires the department to register business entities as insurance purchasing outlets and to collect certain documentation and information regarding the business entity. This form establishes an application and process for a business entity to submit the required information.
- (b) HIPMC-IPO-2, 09/02, "Annual Report on Operations of Insurance Purchasing Outlet." KRS 304.17 A-760(1)(i) requires the insurance purchasing outlet to prepare an annual report on the operations of the insurance purchasing outlet. Furthermore, it requires the commissioner to promulgate administrative regulations regarding this process. This form establishes the form in which the insurance purchasing outlet must report this information.
- (c) HIPMC-IPO-3, 09/02, "Annual Financial Statement of Insurance Purchasing Outlet," KRS 304.17A-758(4) requires the insurance purchasing outlet to furnish annual financial statements. This form creates the format in which insurance purchasing outlets shall report this information.
- (d) HIPMC-IPO-4, 09/02, "Quarterly Financial Statement of Insurance Purchasing Outlet," KRS 304.17A-758(4) requires the insurance purchasing outlet to furnish quarterly financial statements. This form creates the format in which insurance purchasing outlets shall report this information.